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Arizona Corporation Commi  
Utilities Complaint Form

Investigator: Richard Martinez Phone: <<< REDACTED >>> Opinion Date: 6/13/2016  
Opinion Number: 2016 - 132206 Priority: Respond within 5 business days  
Opinion Codes: Rate Case Items - Opposed Closed Date: 6/13/2016 10:04 AM

First Name: Laurie Last Name: Von Account Name: Laurie Von  
Straussenburg Straussenburg Arizona Corporation Commission  
Address: <<< REDACTED >>> DOCKETED  
City: Gold Canyon State: AZ Zip Code: 85118  
Cell: <<< REDACTED >>> Email: <<< REDACTED >>> JUN 24 2016

Company: Liberty Water-Entrada Del Oro Sewer Company

Linda Byrd

Phone: <<< REDACTED >>>

Email: <<< REDACTED >>>

DOCKETED BY

16

Nature Of Opinion

Docket Number: SW-04316A-16-0085

Docket Position: Against

I am in opposition to the proposed rate increase for the following reasons: 1. The rates currently charged by Liberty Utilities among the highest rates in Arizona. Most municipalities charge approximately half of what we are currently paying. The proposed rate increase would mean that the Entrada del Oro community would be paying two to three times the rates charged to other Arizona residents. 2. When I was in the process of purchasing my home, the high sewer rate was disclosed to me. It was represented to me that the rate would be decreased when the community was completed. However, the second phase of the planned construction has not been started. I understand that the company is currently running at a loss, however, the proposed increase appears to place the entire burden of correcting for past losses on the backs of current homeowners. 3. The current proposal also includes a request to change from an equity structure to a debt structure. This part of the proposal would further increase expenses by over \$20,000. I fail to see how increasing expenses would improve overall profitability. 4. In looking at the annual filing in comparison to the Exhibit 1 of the proposal, I note that there are some discrepancies, most notably the time periods used in Exhibit 1. The exhibit uses years ended on October 31 for 2015 and 2014, but used December 31 for 2013. The report submitted to the Arizona Corporation Utility division used December 31, 2015. It does not make sense to have comparative financial statements for different periods of time. Using different year-ends could skew reader's conclusions about the financial results. I believe it would be prudent for the Corporation Commission to request audited or reviewed financial statements that have been prepared by a qualified certified public accountant. 5. In addition to the discrepancies regarding the dates, I also note that some of the other items on the financial statements to be questionable, such as the accounts receivable which are almost 20% of annual income and approximately \$20,000 of miscellaneous expenses. These amounts bring into question the overall accuracy of the exhibit 1. 6. I have read the audited financial statements of the parent com, "Algonquin Power & Utilities Corp." The parent company has an annual profit of approximately \$200 million. Surely they can afford to wait until the real estate market improves to the point where the subdivision grows large enough to support the sewer company. 7. Finally, I am concerned that if the rates are increased, that they will never get decreased even if the community grows. The deficits over the last few years could have been mitigated with a modest increase. Now we being informed that Liberty Utilities want to nearly double our rates. I believe that this is a result of poor planning on their part and the homeowners of Entrada del Oro should not be forced to pay the price for their mismanagement.

Date:  
6/13/2016

Analyst:  
Richard Martinez

Investigation  
Submitted By:  
Telephone

Type:  
Investigation

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